

THE CONSUMERS' ENERGY & ENVIRONMENTAL SECURITY CORPORATION

[An independent state owned corporation with private sector management]

FEATURE	PROVISIONS
Utility ownership choice	<ul style="list-style-type: none">• Utilities can leave assets within regulated utility or State has a right of first refusal to purchase the assets through the new Corporation
Rate Freeze	<ul style="list-style-type: none">• Ends the rate freeze faster than any alternative
Cost	<ul style="list-style-type: none">• State revenue bond proceeds lent to the corporation to be paid back with interest• Lower cost than any other alternative• Hundreds of millions of dollars every year for ratepayer and environmental dividend• Makes available hundreds of millions of dollars every year from savings resulting from revenue bond financing
Retail electric rates	<ul style="list-style-type: none">• Provides immediate rate relief• Provides annual cash ratepayer dividend for six years• Provides cash dividend when system is sold in six years
PG&E transition to competition	<ul style="list-style-type: none">• Provides PG&E shareholders and ratepayers full market value and credit toward stranded cost recovery sooner than any alternative
Market power	<ul style="list-style-type: none">• Provides for management of market power• Financial benefits from market power paid in cash to ratepayers
Long term ownership	<ul style="list-style-type: none">• PG&E/SCE or other entities can own the assets in the future after they have been cleaned up• Present and future owners relieved of the contingent liabilities associated with the hydro assets
Environmental restoration and protection	<ul style="list-style-type: none">• Establish environmental restoration as a higher priority than profits• Annual cost savings shared with ratepayers' dividend to invest in environmental restoration/protection• Transition funds used for immediate environmental restoration needs• Trust fund to finance environmental needs after six years
County needs	<ul style="list-style-type: none">• Immediate opportunity for rural counties to purchase the contracts on projects within their boundaries• Provides County Watershed Fees to each county where facilities are located: (a) natural resource management, (b) economic development, and (c) in lieu of property taxes while the hydro assets are owned by the corporation
Private sector efficiency and incentives	<ul style="list-style-type: none">• Independent corporation with a private board of directors• Contract for operation of the system by a private operator
CALFED	<ul style="list-style-type: none">• Consistent with and supportive of CALFED objectives and projects
Federal government preemption	<ul style="list-style-type: none">• Owner elects to provide more protection than the minimums specified by FERC• Owner sets future ownership terms to standards higher than FERC